

**COMMUNITY FOUNDATION OF ACADIANA
FINANCIAL REPORT
DECEMBER 31, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/18/10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation of Acadiana
Lafayette, Louisiana

We have audited the accompanying consolidated statements of financial position of Community Foundation of Acadiana (a nonprofit organization) and affiliates as of December 31, 2009 and 2008 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Acadiana and affiliates as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 20, 2010, on our consideration of Community Foundation of Acadiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bransford, Roche, Lino & Deane, LLP

Lafayette, Louisiana
July 20, 2010

COMMUNITY FOUNDATION OF ACADIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,388,892	\$ 4,048,107
Certificates of deposit	-	920,805
Investments	11,778,168	6,866,618
Receivables	31,365	40,541
Prepaid expenses	16,351	5,530
Total current assets	<u>\$17,214,776</u>	<u>\$11,881,601</u>
FIXED ASSETS		
Property and equipment, net	<u>\$28,162,145</u>	<u>\$22,874,742</u>
OTHER ASSETS		
Security deposit	\$ 350	\$ -
Bond issuance costs, net	<u>13,501</u>	<u>14,501</u>
Total other assets	<u>\$ 13,851</u>	<u>\$ 14,501</u>
Total assets	<u>\$45,390,772</u>	<u>\$34,770,844</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable	\$ 5,603,089	\$ 2,250,000
Current portion of bonds payable	40,000	40,000
Accounts payable	83,943	1,179,093
Due to others	332,748	-
Accrued liabilities	59,274	14,491
Funds held in custody	<u>1,858,858</u>	<u>912,060</u>
Total current liabilities	<u>\$ 7,977,912</u>	<u>\$ 4,395,644</u>
LONG-TERM LIABILITIES		
Bonds payable, less current portion	<u>\$ 705,000</u>	<u>\$ 745,000</u>
NET ASSETS		
Unrestricted	\$27,274,831	\$ 9,355,358
Temporarily restricted	6,457,373	17,639,598
Permanently restricted	<u>2,975,656</u>	<u>2,635,244</u>
	<u>\$36,707,860</u>	<u>\$29,630,200</u>
Total liabilities and net assets	<u>\$45,390,772</u>	<u>\$34,770,844</u>

See Notes to Consolidated Financial Statements.

COMMUNITY FOUNDATION OF ACADIANA

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 4,644,865	\$ 3,138,930	\$ 363,831	\$ 8,147,626
State appropriation	475,000	-	-	475,000
Interest and dividends	179,358	-	68,330	247,688
Gains (losses) on investments	941,523	-	290,099	1,231,622
Rent income	63,815	-	-	63,815
Administrative fees	33,639	-	(23,394)	10,245
Other	8,780	-	-	8,780
Net assets released from restrictions:				
Satisfaction of program restrictions	14,679,609	(14,321,155)	(358,454)	-
Total revenues and other support	<u>\$ 21,026,589</u>	<u>\$ (11,182,225)</u>	<u>\$ 340,412</u>	<u>\$10,184,776</u>
EXPENSES AND LOSSES				
Program expenses:				
Miles Perret Cancer Services	\$ 508,100	\$ -	\$ -	\$ 508,100
Diocese of Lafayette	146,497	-	-	146,497
Episcopal School of Acadiana	143,850	-	-	143,850
Ascension Episcopal School	140,143	-	-	140,143
Other	876,391	-	-	876,391
Management and general:				
Salaries	221,165	-	-	221,165
Payroll taxes and benefits	19,756	-	-	19,756
Professional services	84,817	-	-	84,817
Advertising and marketing	5,596	-	-	5,596
Conferences and meetings	10,819	-	-	10,819
Office expenses	19,883	-	-	19,883
Insurance	19,214	-	-	19,214
Printing and publications	17,861	-	-	17,861
Interest	149,572	-	-	149,572
Rent	25,140	-	-	25,140
Depreciation and amortization	556,230	-	-	556,230
Trust and bank fees	16,150	-	-	16,150
Computer and internet	132,003	-	-	132,003
Other	13,929	-	-	13,929
Total expenses	<u>\$ 3,107,116</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,107,116</u>
Change in net assets	\$ 17,919,473	\$ (11,182,225)	\$ 340,412	\$ 7,077,660
Net assets at beginning of year	<u>9,355,358</u>	<u>17,639,598</u>	<u>2,635,244</u>	<u>29,630,200</u>
Net assets at end of year	<u>\$ 27,274,831</u>	<u>\$ 6,457,373</u>	<u>\$ 2,975,656</u>	<u>\$36,707,860</u>

See Notes to Consolidated Financial Statements.

COMMUNITY FOUNDATION OF ACADIANA

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 1,466,781	\$ 11,410,957	\$ 764,837	\$13,642,575
Interest and dividends	305,231	7,911	64,371	377,513
Gains (losses) on investments	(1,766,681)	4,267	(603,760)	(2,366,174)
Rent income	71,207	-	-	71,207
Administrative fees	40,609	(8,905)	(21,851)	9,853
Net assets released from restrictions:				
Satisfaction of program restrictions	1,052,367	(1,571,886)	519,519	-
Total revenues and other support	<u>\$ 1,169,514</u>	<u>\$ 9,842,344</u>	<u>\$ 723,116</u>	<u>\$11,734,974</u>
EXPENSES AND LOSSES				
Program expenses:				
Chevron Energy's learning fund	\$ 1,485,000	\$ -	\$ -	\$ 1,485,000
Hurricane disaster relief	859,556	-	-	859,556
Miles Perret Cancer Services	375,000	-	-	375,000
Louisiana HonorAir	298,187	-	-	298,187
Food for the Poor	133,000	-	-	133,000
Other	852,789	-	-	852,789
Management and general:				
Salaries	238,818	-	-	238,818
Payroll taxes and benefits	19,499	-	-	19,499
Professional services	24,543	-	-	24,543
Advertising and marketing	7,590	-	-	7,590
Conferences and meetings	15,948	-	-	15,948
Office expenses	33,641	-	-	33,641
Insurance	16,367	-	-	16,367
Printing	10,997	-	-	10,997
Interest	28,986	-	-	28,986
Rent	25,872	-	-	25,872
Depreciation and amortization	66,321	-	-	66,321
Trust and bank fees	12,755	-	-	12,755
Computer and internet	14,622	-	-	14,622
Fundraising expense	4,373	-	-	4,373
Other	30,128	-	-	30,128
Total expenses	<u>\$ 4,553,992</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,553,992</u>
Change in net assets	\$ (3,384,478)	\$ 9,842,344	\$ 723,116	\$ 7,180,982
Net assets at beginning of year	12,739,836	7,797,254	1,912,128	22,449,218
Net assets at end of year	<u>\$ 9,355,358</u>	<u>\$ 17,639,598</u>	<u>\$ 2,635,244</u>	<u>\$29,630,200</u>

See Notes to Consolidated Financial Statements.

COMMUNITY FOUNDATION OF ACADIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,077,660	\$ 7,180,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	556,230	66,321
Donated real estate	(1,800,000)	-
(Gains) losses on investments	(1,271,304)	2,366,174
(Increase) decrease in other assets	(1,995)	23,136
Increase (decrease) in accounts payable	10,443	80
Increase in accrued liabilities	44,783	4,057
Net cash provided by operating activities	\$ 4,615,817	\$ 9,640,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	\$ 920,805	\$ 914,155
Purchase of investments	(16,838,414)	(7,973,032)
Proceeds from sales of investments	13,198,168	7,860,279
Purchase of fixed assets	(5,148,226)	(15,136,130)
Net cash used in investing activities	\$ (7,867,667)	\$ (14,334,728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in funds held in custody	\$ 946,798	\$ (259,125)
Due to others	332,748	-
Payments of long-term borrowing	(40,000)	(35,000)
Proceeds from notes payable	3,353,089	2,250,000
Net cash provided by financing activities	\$ 4,592,635	\$ 1,955,875
Net increase in cash	\$ 1,340,785	\$ (2,738,103)
Cash at beginning of year	4,048,107	6,786,210
Cash at end of year	\$ 5,388,892	\$ 4,048,107
SUPPLEMENTAL DISCLOSURES:		
Cash payments of interest	\$ 102,785	\$ 25,274
Noncash transactions:		
Donated real estate	\$ 1,800,000	\$ -0-
Donated services	\$ 9,009	\$ 4,009
Donated rent	\$ 24,110	\$ 28,932

See Notes to Consolidated Financial Statements.

COMMUNITY FOUNDATION OF ACADIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Community Foundation of Acadiana (the "Foundation") is a Louisiana nonprofit corporation chartered on November 16, 2000. Its purpose is to serve as a community foundation which shall receive and administer funds for charitable, educational or scientific purposes.

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

The Foundation is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Significant accounting policies:

Basis of consolidation -

The consolidated financial statements include the accounts of the Foundation and its wholly owned affiliates CFA-REH, L.L.C. and Ascension Episcopal School Campus, L.L.C. All material inter-company items and transactions have been eliminated.

Contributions and recognition of donor restricted contributions -

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Foundation also classifies donor advised funds with "variance power" clauses in the donor agreements as unrestricted net assets, which is a predominant trend used by most community foundations.

Amounts received that are for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increase those net assets. When a temporarily restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The net assets included in temporarily restricted funds includes the cost of contributed land and the net book value of contributed fixed assets of Community Foundation of Acadiana, CFA-REH, L.L.C. and Ascension Episcopal School Campus, L.L.C., and certain other donor advised funds that have time restrictions. As these assets are depreciated, the amount depreciation in a given period is considered to be a release from restriction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents -

For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Money market funds used for investment purposes are included in cash and cash equivalents on the balance sheets.

Investments -

Investments, which consist of debt and equity securities and mutual funds, are presented in the financial statements at fair value. Investment securities are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

During 2009, the Foundation began using the services of the Greater Kansas City Community Foundation to provide accounting and investment services for Community Foundation of Acadiana and its subsidiaries. As part of that arrangement, a portion of the Foundation's investments are placed into "pooled" investment accounts. The concept of "pooled" investment accounts entail the comingling of the investable assets of various entities and organizations into various investment vehicles; whereby, the investment income earned by the pooled assets is allocated to each fund participating in the pool, based on the average monthly balance invested.

Certain investments related to donor advised funds are maintained outside the pooled investment accounts. Investment earnings for these funds are maintained outside the pooled assets, in individual investment accounts that are not comingled with other investment assets. Investment earnings for these accounts are based on the actual investment performance of the related assets.

Property and equipment -

Purchased property and equipment are recorded at cost at the date of acquisition. Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

regarding how long the contributed assets must be used, the Foundation has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment are recorded as restricted support. As donated assets are depreciated, the restriction for that portion of the net asset expires.

Significant assets under construction which are acquired through donated funds are reflected as restricted net assets while the project is under construction and transferred to unrestricted net assets when the asset is completed and placed in service.

Depreciation is computed by the straight-line method at rates based on the following useful lives:

	<u>Years</u>
Furniture and equipment	5 - 7
Buildings	40

Tax status -

The Foundation is a Louisiana nonprofit corporation established in 2000. It is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code; accordingly, no provision for income taxes has been made in the financial statements.

Concentrations of credit risk -

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of mutual funds which invest primarily in short-term governmental securities and contributions receivable. The Foundation typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits.

The Foundation relies heavily on general public donations to support its operations.

Recent pronouncements:

In June 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-01, Topic 105 - *Generally Accepted Accounting Principles Amendments Based on Statement of Financial Accounting Standards No. 168* - The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. ASU 2009-01 amends the ASC for the issuance of FASB Statement ("SFAS") No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. ASU 2009-1 includes SFAS 168 in its entirety. The ASC became the source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

nongovernmental entities. As of the effective date of this Statement, September 15, 2009, the ASC supersedes all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the ASC is no longer authoritative. This Statement became effective for the Foundation's financial statements for the fiscal year ended December 31, 2009.

The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force ("EITF") Abstracts. Instead, it now issues Accounting Standards Updates. The FASB does not consider Accounting Standards Updates as authoritative in their own right. Accounting Standards Updates serve only to update the ASC, provide background information about the guidance, and provide the bases for conclusions on the changes) in the ASC. FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, which became effective on November 13, 2008, identified the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS 162 arranged these sources of GAAP in a hierarchy for users to apply accordingly. Upon becoming effective, all of the content of the ASC carries the same level of authority, effectively superseding SFAS 162. In other words, the GAAP hierarchy has been modified to include only two levels of GAAP: authoritative and non-authoritative. As a result, this Statement replaces SFAS 162 to indicate this change to the GAAP hierarchy. The adoption of the ASC and ASU 2009-01 did not have any effect on the Foundation's results of operations or financial position. All references to accounting literature included in the notes to consolidated financial statements have been changed to reference the appropriate sections of the ASC.

In June 2009, the FASB issued Accounting Standards Update No. 2009-02, *Omnibus Update - Amendments to Various Topics for Technical Corrections*. The adoption of ASU 2009-02 did not have a material effect on the Company's results of operations, financial position or disclosures.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value*. ASU 2009-05 applies to all entities that measure liabilities at fair value within the scope of ASC Topic 820. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques:

- 1) A valuation technique that uses:
 - a. The quoted price of the identical liability when traded as an asset.
 - b. Quoted prices for similar liabilities or similar liabilities when traded as assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 2) Another valuation technique that is consistent with the principles of ASC Topic 820. An example would be an income approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability.

The amendments in ASU 2009-5 also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. It also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The guidance provided in ASU 2009-5 became effective for the Foundation in 2009. Because the Foundation does not currently have any liabilities that are recorded at fair value, the adoption of this guidance did not have any impact on the Foundation's results of operations, financial position or disclosures.

In May 2009, the FASB issued ASC 450-20-50-9/Statement No. 165, *Subsequent Events*. This Statement is effective for financial periods ending after June 15, 2009. As such, the Foundation adopted the provision of this Statement in 2009. This Statement establishes principles and requirements for subsequent events. In particular, this Statement addresses the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statement, the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statement and the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. Subsequent events occurring after December 31, 2009 were evaluated through July 20, 2010 (the date the financial statement was available to be issued). The adoption of these provisions did not have any effect on the financial statement of the Foundation as of December 31, 2009.

Restatement:

As a result of the adoption of the Uniform Prudent Management of Institutional Funds Act by the Louisiana Legislature, as further described in Note 12, and ASC 958-205-45, a portion of unrestricted net assets were reclassified to permanently restricted net assets to cover the deficit in certain permanently restricted endowed accounts as of December 31, 2008. The affect of the restatement increased permanently restricted net assets and decreased unrestricted net assets by \$542,246, as previously presented, although the balance of net assets remained unchanged.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Investments

Investments are composed of the following at December 31:

	2009			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
Pooled investments:				
Fixed income	\$ 3,042,004	\$ -	\$ -	\$ 3,042,004
Equity	3,707,268	-	-	3,707,268
Other	108,398	-	-	108,398
Government				
Securities	780,276	2,024	2,219	780,081
Corporate bonds	685,323	11,357	4,045	692,635
Equity securities	1,114,685	264,738	21,402	1,358,021
Mutual funds	1,836,823	252,938	27,666	2,089,761
	<u>\$11,270,777</u>	<u>\$ 531,057</u>	<u>\$ 55,332</u>	<u>\$11,778,168</u>
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
Government				
Securities	\$ 2,010,911	\$ 77,754	\$ 810	\$ 2,087,855
Corporate bonds	1,054,380	2,983	69,681	987,682
Equity securities	5,035,751	101,401	1,346,071	3,791,081
	<u>\$ 8,101,042</u>	<u>\$ 182,138</u>	<u>\$ 1,416,562</u>	<u>\$ 6,866,618</u>

During 2009, all investments of the Foundation were placed under the control of the Greater Kansas City Foundation in both pooled investment accounts and individual investment accounts. When investments are pooled, they lose their specific identification with specific contributions. Thus, the income and realized and unrealized gains and losses of the investment pool are allocated to the all participants within that pool. An equitable allocation requires that investment pools be operated on the market value method. The market value method assigns a number of units or percentages to each pool participant based on the relationship of the individual investments to the total investments at the time the investments are pooled. Monthly, these pooled assets are valued and new unit values are assigned and used for valuing additions to, or withdrawals from, the pool by existing members or by new pool participants entering the pool. While these pooled investment accounts would have unrealized gains and losses, there is no way to distinguish them from realized gains with respect to the Foundation's interest within these pools.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Fair Value Measurements

The following table presents the Foundation's fair value hierarchy for the financial assets measured at fair value on a recurring basis.

	Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Signifi- cant Un- observable Inputs (Level 2)
December 31, 2009:			
Pooled investments -			
Fixed income	\$ 3,042,004	\$ -	\$ 3,042,004
Equity	\$ 3,707,268	\$ -	\$ 3,707,268
Other	\$ 108,398	\$ -	\$ 108,398
Government			
Securities	\$ 780,081	\$ 780,081	\$ -
Corporate bonds	\$ 692,635	\$ 692,635	\$ -
Equity securities	\$ 1,358,021	\$ 1,358,021	\$ -
Mutual funds	\$ 2,089,791	\$ 2,089,761	\$ -
December 31, 2008:			
Government Securities	\$ 2,087,855	\$ 2,087,855	\$ -
Corporate bonds	\$ 987,682	\$ 987,682	\$ -
Equity securities	\$ 3,791,081	\$ 3,791,081	\$ -

Note 4. Property and Equipment

Property and equipment at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Buildings	\$24,592,904	\$ 2,115,666
Furniture and equipment	163,205	69,448
	<u>\$24,756,109</u>	<u>\$ 2,185,114</u>
Less accumulated depreciation	(832,464)	(277,234)
	<u>\$23,923,645</u>	<u>\$ 1,907,880</u>
Land	4,165,000	3,625,000
Construction in Process	73,500	17,341,862
	<u>\$28,162,145</u>	<u>\$22,874,742</u>

Total depreciation expense for the years ended December 31, 2009 and 2008 was \$555,230 and \$65,321, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Funds Held in Custody

The Foundation has adopted FASB ASC 958-605-25-33 (formerly FASB No. 136), "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others." This pronouncement established standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investments of those assets, or both to another entity that is specified by the donor. ASC 958-605-25-33 specifically requires that if a not-for-profit establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such transfers as funds held in custody.

The Foundation maintains variance power and legal ownership of funds held in custody, and as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605-25-33, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally the equivalent of the fair value of the funds.

Note 6. Donated Services

The Foundation received donated rent, printing services, advertising and audit and accounting services. The total amount of donated rent and services included in unrestricted contributions at December 31, 2009 and 2008 is \$33,118 and \$32,941, respectively.

Note 7. CFA-REH, L.L.C.

During 2002, the Foundation formed a 501(c)(2) corporation to accept a donation of land. The 501(c)(2) is a not-for-profit organization that is wholly-owned by the Foundation. The sole purpose of this organization was to accept real estate, hold real estate, collect income, and dispense income and real estate. During 2003, however, the Foundation formed CFA-REH, L.L.C. and transferred the property to that corporation. The limited liability company is wholly-owned by the Foundation.

In 2004, CFA-REH, L.L.C. accepted a \$1,000,000 donation and issued debt in the amount of \$920,000 to construct a building on the donated land. The building is being leased as a school for an amount equivalent to the debt service on the bonds, including other financing obligations, over the 20 year bond term.

Note 8. Ascension Episcopal School Campus, L.L.C.

During 2007, the Foundation formed a limited liability company to accept the donation of land and to fund construction activities for the purpose of building a new school. In 2007, Ascension Episcopal School Campus, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

accepted a \$3,125,000 donation of approximately 72 acres of undeveloped land in Youngsville, Louisiana on which it will construct the school. The L.L.C. has constructed a major portion of the proposed school with an estimated ultimate cost of \$55,000,000. The initial first phase of the school construction cost \$21,217,238. The construction activity was funded by contribution commitments from various donors and notes payable to various sources. The notes payable are to be paid by pledges by various donors to the Ascension Episcopal School and other funding sources of the school.

Note 9. Notes Payable

The following is a summary of the outstanding notes payable at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Iberia Bank:		
\$8,000,000 line-of-credit, interest floating at 1.8% above the London Interbank Offered Rate ("LIBOR") (2.035% and 2.236% at December 31, 2009, and 2008, respectively), secured by real estate, all accounts receivables general intangibles, equipment, furniture and fixtures, approximately \$2.9 million in pledges to Ascension Episcopal School and further secured by guarantees of \$1.2 million from four donors.	\$ 3,993,089	\$ 2,250,000
Theo Bean:		
\$900,000 loaned to AESC to cover cost of construction of the buildings and improvements, initial interest at a rate of 6.0% and reduced to 3.0% in December, 2009, quarterly payments of interest beginning January 22, 2010, principal payments of \$450,000 per year due December 22, 2010 and 2011, unsecured.	900,000	-
Stuller Family Foundation:		
\$710,000 loaned to AESC to cover cost of construction of buildings and improvements, interest at 6.5%, repayment is subject to certain terms and certain terms and conditions under an agreement with Iberia Bank.	710,000	-
	<u>\$ 5,603,089</u>	<u>\$ 2,250,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

All of the above notes payable were incurred in connection with the completion of the construction of the first phase of the school complex for the Ascension Episcopal School Campus, L.L.C. ("AESC"). While some of the notes payable have features that may extend repayment of amounts beyond the next fiscal year, they possess features that could accelerate payment of the debt. As such, the notes are classified as current liabilities.

These liabilities are further guaranteed by The Episcopal Church of the Ascension. As part of that guarantee and lease of the facility, the Church has agreed to make any and all payments to liquidate the debt in excess of any pledges it has received from donors that collateralize the obligations.

Included in current liabilities at December 31, 2009 is a current liability of \$322,748 and are construction costs paid by the Church at the completion of the project that were capitalized by AESC. Absent any specific agreement as the recordation of the payment, the amount is recorded as a liability. Under the terms of the agreement, that liability is likely to be recorded as a contribution in the near term.

Note 10. Bonds Payable

Revenue bonds with an aggregate principal amount of \$920,000 were issued by the Lafayette Public Trust Financing Authority and the proceeds were loaned to the CFA-REH, L.L.C. pursuant to a loan agreement dated June 1, 2003. Bond issue costs in the amount of \$18,002 were incurred in the issuance of the debt and are being amortized over the life of the bonds.

Interest on the bonds are based on a weekly interest rate determined by the remarketing agent on the interest rate determination date immediately preceding the applicable interest rate adjustment date, to be the lowest interest rate in the judgment of the remarketing agent at which the bonds could be remarketed at par, plus the accrued interest. In addition to interest, the Company is also required to pay fees on a letter of credit securing the debt, remarketing agent fees, analyst fees and trustee fees.

Aggregate maturities required on long-term debt, including estimated interest of \$177,713, are as follows at December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 40,000	\$ 22,050	\$ 62,050
2011	40,000	20,850	60,850
2012	45,000	19,613	64,613
2013	45,000	18,262	63,262
2014	45,000	16,913	61,913
2015-2019	270,000	62,025	332,025
2020-2023	260,000	18,000	278,000
	<u>\$ 745,000</u>	<u>\$ 177,713</u>	<u>\$ 922,713</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest expense on the indebtedness was \$10,791 and \$22,279 during the years ended December 31, 2009 and 2008, respectively. Payments of fees in connection with the debt were \$13,340 and \$11,538 during the fiscal years ended December 31, 2009 and 2008, respectively.

Note 11. Employee Benefit Plan

The Foundation has a discretionary Simple IRA Pension retirement plan (Simple IRA) in effect. The plan covers all employees with one or more years of service. The Foundation will match employee contributions to the plan up to 3% of qualified compensation. The Company's matching contribution to the plan for the years ended December 31, 2009 and 2008 was \$5,116 and \$3,753, respectively.

Note 12. Endowments and Net Asset Classifications

The Foundation's endowments consist of approximately 60 individual funds established for a variety of purposes. Its endowments include donor-restricted endowment funds; whereby, the stipulations of the gift may require preservation of the original donation with only the income derived used for a specific purpose. Endowed funds with donor-restricted funds are recorded as permanently restricted net assets, the income from which is expendable to support the grantor's purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

Interpretation of Relevant Law

While the laws of the State of Louisiana do not specifically address the maintenance of endowed funds for non-profit organizations, the Board of the Foundation has implemented a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets, depending on the restrictions of the individual endowments.

Funds with Deficiencies

Due to declines in the fair value of investments as of December 31, 2009 and 2008, fair value adjustments to endowed funds reduced the level of net assets that are permanently restricted below the amount of the historic gifts by \$112,906 and \$412,285, respectively. As such, these individual donor accounts would be restricted from providing expendable gifts until investment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

earnings and fair value appreciation increase the net assets of the funds to the level of the original endowed gifts. For donor accounts that result in a net asset balance below the level of original gifts, a transfer from unrestricted net assets is made to restore the net asset balance of the endowed accounts to the level of the original endowed gifts.

The following is a recap of changes in endowment balances as of December 31, 2009 and 2008.

	December 31, 2009		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (400,605)	\$ 2,635,244	\$ 2,234,639
Contributions	-	363,831	363,831
Interest and dividends	-	68,330	68,330
Gains on investments, net	-	290,099	290,099
Administrative fees	-	(23,394)	(23,394)
Net assets released from restrictions	358,454	(358,454)	-
Grants paid	(27,285)	-	(27,285)
Endowment net assets, end of year	<u>\$ (69,436)</u>	<u>\$ 2,975,656</u>	<u>\$ 2,906,220</u>

	December 31, 2008		
	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 141,641	\$ 1,912,128	\$ 2,053,769
Contributions	-	764,837	764,837
Interest and dividends	-	64,371	64,371
Losses on investments, net	-	(603,760)	(603,760)
Administrative fees	-	(21,851)	(21,851)
Net assets released from restrictions	(519,519)	519,519	-
Grants paid	(27,285)	-	(27,285)
Endowment net assets, beginning of year	<u>\$ (400,605)</u>	<u>\$ 2,635,244</u>	<u>\$ 2,234,639</u>

In June 2010, the Louisiana Legislature adopted provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") into Louisiana Law effective July 1, 2010. In 2006, the UPMIFA was approved and recommended by the National Conference of Commissions on Uniform State Laws. The provisions of the Act are to provide for the standard of conduct in managing and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

investing an institutional fund; to provide for the appropriation for expenditure or the accumulation of an endowment fund; to provide for the delegation of management and investment functions; to provide for the release or modification of restrictions on management, investment, or purpose of an institutional fund and to provide for reviewing compliance. It is not anticipated that adoption of the provisions of the Act will have any significant impact on the operations of the Foundation.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Community Foundation of Acadiana
Lafayette, Louisiana

We have audited the consolidated financial statements of Community Foundation of Acadiana (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated July 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item #2009-1.

This report is intended solely for the information of management, others within the Foundation and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Broussard, Poche, Lewis & Breaux, LLP

Lafayette, Louisiana
July 20, 2010

COMMUNITY FOUNDATION OF ACADIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2009

We have audited the financial statements of Community Foundation of Acadiana as of and for the year ended December 31, 2009, and have issued our report thereon dated July 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2009 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No
Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II - Financial Statement Findings

Finding #2009-1

Finding and effect: During 2005, the Louisiana Legislature enacted legislation giving the legislative auditor authority to compile financial statements and to examine, audit, or review the books and accounts of any not-for-profit organization which is created by a public official in the state of Louisiana for the purpose of accepting donations, charitable contributions, or other funds for disaster relief or recovery and which existence is promoted in any manner by one or more public officials or public entities in the state of Louisiana. Such a fund was established in Community Foundation by the Superintendent of Education, the audit of the Foundation as of and for the year ended December 31, 2009 was required to be filed with the Legislative Auditor's Office within six months of fiscal year end as required by state law and was not filed within the time period.

Recommendation: In the future, the report should be filed in compliance with state law.

Current status: Community Foundation timely engaged a public accounting firm to conduct the audit, but due logistical complications with its service provider for accounting services and scheduling conflicts, the public accounting firm was unable to complete the audit by the statutory time line.

COMMUNITY FOUNDATION OF ACADIANA

SCHEDULE OF PRIOR FINDINGS
Year Ended December 31, 2009

Section I. Internal Control and Compliance Material to the Financial Statements

Finding #2008-1

Recommendation: In the future, the report should be filed in compliance with state law.

Current Status: Repeated.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.